GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

STARRED QUESTION NO:127
ANSWERED ON:02.03.2001
ACHIEVEMENT OF DISINVESTMENT TARGET
PUTTASWAMY GOWDA

Will the Minister of DISINVESTMENT be pleased to state:

(a) Whether the Government have failed to achieve the expected target of disinvestment;

(b) if so, the reasons therefore; (

(c) the main hurdles the Government have faced in the process of disinvestment; and

(d) the action proposed to be taken to remove those hurdles ?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF DISINVESTMENT, MINISTER OF STATE MINISTRIES OF PLANNING, STATISTICS & PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCS (SHRI ARUN SHORIE)

(a) to (d) A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of the Lok Sabha Starred Question No. 127 for2-3-2001 regarding achievement of disinvestment target by Shri G. Putta Swami Gowda.

(a) As against the target of Rs. 10,000 crore, an amount of Rs. 1,829 crore was raised through disinvestment during the year 2000-2001. For the current financial year the target is fixed at 10, 000 crore.

(b) Out of the 40 Central Public Sector Enterprises in which disinvestment of Government equity was carried out till 31st March, 2000, minority stakes were sold in 39 cases. Only in one case, viz. Modern Foods Industries Ltd. strategic sale was conducted in view of the inherent advantages of disinvestment through strategic sales as compared to sale of minority stakes, the emphasis was laid on adopting strategic sale method of disinvestment in most of the Public Sector Enterprises.Typically, the time period taken to complete the strategic sale transaction is longer than the time taken to complete the minority sales. Further, disinvestment in the Central Public Sector Enterprises is carried out as per a prescribed transparent process.The completion of the disinvestment exercise depends on various factors like market conditions, time taken by the prospective bidders for due diligence, finalization of the agreements, response from the investors to the stake offered etc. In view of such market related factors it is not possible to adhere to any strict time schedule for disinvestment. Moreover, Government is committed not to disinvest in distress to meet any targets whatsoever. Nevertheless, every attempt is made to ensure that delay is avoided, by streamlining procedure.

(c) & (d) The disinvestment is carried out in accordance with a transparent and prescribed procedure. The transparency of the process is never sacrificed, for the sake of meeting targets. From time to time, the process of disinvestment is reviewed with a view to making it more streamlined.